(b) what steps are proposed to be taken to assuage feelings of discontentment sizzling amongst employees belonging to the States of N.E. Region on account of gross discrimination in the matter of payment of Special (Duty) allowance?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) : (a) and (b) Central Government civilian employees, including the employees belonging to North East Region, who have All India Transfer Liability are entitled to the grant of Special (Duty) Allowance on being posted to any station in the North East Region, Andaman & Nicobar Islands, Lakshdweep Islands and Sikkim, from outside the region. The All India Transfer Liability is determined by applying the tests of recruitment zone, promotion zone etc., i.e. whether recruitment to service/ cadre/post has been made on all India basis and whether promotion is also based on all India common seniority list for the service/cadre/post as a whole.

Reduction in capital gain tax under Income Tax Act

2680. SHRI GOPALSINH G. SOLANKI : Will the Minister of FINANCE be pleased to state :

(a) whether there is any proposal under active consideration of Government to reduce capital gains tax under Income Tax Act, 1961 section 112 in the overall national context and interest;

(b) if so, the details thereof;

(c) whether he has received some memoranda in the context of para 92 of his budget speech for 1999-2000;

(d) if so, the reaction thereto; and

(e) what steps have been taken in this direction so far and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAY KUMAR) : (a) to (e) Such a proposal was considered and enacted through the Finance Act, 1999.

Prior to the budget of 1999, the rate of tax on long-term capital gains arising out of transfer of shares, bonds, units etc. applicable to certain categories of non-resident assessees was 10% as against the rate of 20% applicable for resident assessees. A number of representations were received demanding the

level playing field between non-resident and resident investors at the time of formulating the proposals for the Finance Act, 1999. The Finance Act, 1999, brought about the desired amendment to section 112 of the Income-tax Act, 1961. As per the amended provisions, where the tax payable by any assessee on long-term capital gains arising on transfer of listed securities, exceeds 10% of the amount of capital gains before allowing adjustment for cost inflation index, the excess shall be ignored.

Evasion of Taxes by Automobile Component Manufacturing Companies

2681. SHRI SURYABHAN PATIL VAHADANE : Will the Minister of FINANCE be pleased to state :

(a) Whether Government are aware that a number of companies manufacturing automobile components are indulging in evasion of income tax and excise duties.

(b) whether Government are also aware that M/s. Super Springs and M/s. Garima springs at D-235, Sector-10, Nioda have evaded taxes to the tune of crores of rupees;

(c) if so, what steps Government propose to take to recover these taxes;

(d) what penel action Government propose to take against the above companies and their allied units and by when; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAY KUMAR) : (a) Cases of excise duty evasion have been detected. As regards income tax, information is compiled assessee-wise and not commodity-wise.

(b) No case of evasion of taxes has been detected in respect of M/s. Super springs. M/s. Garima springs does not exist at D-235, Sector 10, Noida.

(c) to (e) : Do not arise.

Wasteful Expenditure by CGA Office, Lok Nayak Bhawan, New Delhi

2682. SHRI SURYABHAN PATIL VAHADANE : Will the Minister of FINANCE be pleased to state :